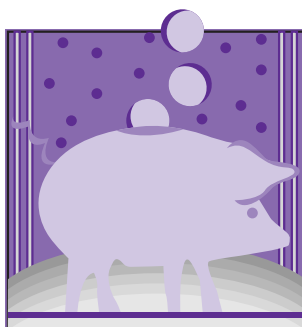


Flexible Benefits Annual Enrollment

**Enroll In Flexible Reimbursement Accounts From November 1 – November 30.
No More Administrative Fees!**

It's time to take advantage of Medical and Dependent Care Flexible Reimbursement Accounts (FRAs). If you are currently enrolled in one or both FRAs, you already know how these accounts save you money, and you will likely want to re-enroll for 2002. If you've never enrolled in an FRA, read on and learn about the many advantages of FRAs.



What's New...

- **FRA administrative fees will be eliminated starting January 1, 2002!** This is an automatic annual savings of \$27 when participating in one account, and \$48 if you enroll in both accounts.
- Enrollment in Premium Conversion has been moved to the spring Open Enrollment period.

Flexible Reimbursement Accounts (FRAs)	
Medical Reimbursement Account	Dependent Care Reimbursement Account
Set aside pre-tax dollars to pay for eligible medical, dental, and vision expenses that are not reimbursed under your health benefits plan. This includes deductibles and copayments, eyeglasses and contact lenses, and other medical expenses that you pay out of your own pocket.	Set aside pre-tax dollars to pay for the care of a dependent child or qualifying adult. Use this account to pay for your child's day care or for expenses incurred while caring for an adult dependent living in your home.

Why Should I Enroll In An FRA?

FRA's help you save money. Here's how. You determine a set amount of money to be deducted from your paycheck and deposited in the Medical Reimbursement and/or Dependent Care Reimbursement accounts. The money you set aside is tax free. As a result, 100% of the money is working for you.

Use the money you set aside to pay for certain medical or dependent care expenses not covered by your health plan. As you incur eligible expenses, you simply request tax-free reimbursement from the fund. You benefit from tax savings and assurance that the funds are there for important expenses when you need them. It's a valuable savings and budgeting tool.

What's Inside

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Enrolling In An FRA — November 1 – 30

There are three ways to enroll in an FRA for 2002 during the annual enrollment period of November 1–30.

If you currently have a Medical or Dependent Care FRA and wish to re-enroll, or you do not have an FRA:

- Use EmployeeDirect on the Web by visiting the DHRM Web site at <http://www.dhrm.state.va.us> (see instructions below), or
- Call the toll-free telephone system at **1-866-786-1616** and follow the prompts, or

- Complete a Flexible Reimbursement Account Election Form and submit it to your agency's Benefits Administrator. You may print an Election Form from the Fringe Benefits Management Company (FBMC) Web site at <http://www.fbmc-benefits.com> or request one from your Benefits Administrator.

If you do not wish to re-enroll in an FRA for 2002, do nothing! But remember that any existing accounts will end on December 31, 2001.

EmployeeDirect Menu For Flexible Benefits Annual Enrollment

You may use the EmployeeDirect health benefits enrollment and information system on the Internet to enroll in a Flexible Reimbursement Account for calendar year 2002. Follow these steps:

- Step #1.** Access the Department of Human Resource Management's Web site at <http://www.dhrm.state.va.us>. Select the "Health Benefits" tab and then the "EmployeeDirect" tab.
- Step #2.** Log into EmployeeDirect by entering your Identification Number (Social Security Number) and your confidential passcode (see below for what to do if you do not have a passcode). Under the Site Menu, select "Customize User Preferences" and ask for a confirmation of your changes by e-mail or by regular mail (received within 5 days). Select "Make Changes to Your Benefits Profile" from the Employee Main Menu.
- Step #3.** On the next menu, you will see several options. Choose "Change Your Health Benefits Selections", and then on the next screen, select "Open Enrollment".
- Step #4.** Under Open Enrollment select "Fall Open Enrollment For Flexible Reimbursement Accounts" and follow the prompts.



A Reminder About EmployeeDirect Passcodes

Personal, confidential passcodes for EmployeeDirect were mailed last March to all eligible employees with instructions on how to use the Commonwealth's health benefits enrollment and information system. If you have misplaced your passcode or do not have a passcode, you can access EmployeeDirect to receive one. Here's what to do:

1. Contact your agency's Benefits Administrator or Human Resources office to confirm your current address.
This is very important: You may not receive your passcode if your address is incorrect in EmployeeDirect.
2. Go to the DHRM Web site at <http://www.dhrm.state.va.us>. Click on the Health Benefits tab, and then the EmployeeDirect tab. Once you are on the EmployeeDirect welcome page, choose "Don't Know My Passcode" from the Site Menu on the left. Enter your Identification Number (Social Security Number) and submit.
3. You will receive an EmployeeDirect brochure at your home address containing your confidential passcode and instructions. Be sure to keep your passcode in a safe place. It serves as your electronic signature, taking the place of your written signature.

A Closer Look At Flexible Reimbursement Accounts

Account Features	Medical Reimbursement Account	Dependent Care Reimbursement Account
Pre-Tax Reimbursement	<ul style="list-style-type: none"> Pays for out-of-pocket medical, dental and vision care expenses not covered by your health benefits plan 	<ul style="list-style-type: none"> Pays for eligible expenses incurred for the care of your child (under 13 years old), disabled spouse, elderly parent or other dependent who is incapable of self-care
Minimum and Maximum Account Contributions	<ul style="list-style-type: none"> \$480 annual minimum \$5,000 annual maximum 	<ul style="list-style-type: none"> \$480 annual minimum \$5,000 annual maximum if filing as single, or married filing a joint federal tax return \$2,500 annual maximum if married and filing separate tax returns
Examples of Eligible Expenses*	<ul style="list-style-type: none"> Doctor's office copayments Diagnostic tests Prescription drug copayments Corrective contact lenses or eyeglasses Dental fees 	<ul style="list-style-type: none"> Day care facility and local day camp fees for qualified dependents Baby-sitting fees for at-home care of qualified dependents while you and your spouse are working (care cannot be provided by you, your spouse, or other dependent)
Examples of Ineligible Expenses*	<ul style="list-style-type: none"> Insurance premiums Vision warranties and service contracts Over-the-counter drugs and medical supplies (even if prescribed) Health or fitness club membership fees Cosmetic surgery not deemed medically necessary 	<ul style="list-style-type: none"> Child support payments or child care if you are a non-custodial parent Payments for dependent care services provided by your dependent, your spouse's dependent, or your child who is under age 19 Health care costs or educational tuition Inpatient nursing home fees Diaper service

* This list is not all-inclusive. See the *Flexible Benefits Plan Sourcebook* for the complete list or visit Flexible Benefits on the DHRM Web site at <http://www.dhrm.state.va.us/hbenefit.htm> under the "Active Employees" tab.

How FRAs Save You Money

Without an FRA: (Example)*

\$50.00	Monthly budget for a medical expense
<u>-11.33</u>	Taxes on that \$50 taken from your paycheck
\$38.67	Amount you have left for medical expense

With an FRA: (Example)

\$50.00	Monthly FRA deposit for a medical expense
<u>- 0.00</u>	No taxes (no taxes on FRA deposits)
\$50.00	Amount you have left for medical expense.
	Savings equal \$11.33.

*Based upon a 22.65% tax rate (15% federal and 7.65% Social Security).

Because the money you deposit in your Medical and Dependent Care FRA is deducted before taxes, the income you use for these expenses is ALWAYS TAX-FREE.

Facts About FRAs

- **Plan Year.** Medical Expense and Dependent Care FRAs are set up on a yearly basis from January 1 through December 31.
- **Use It Or Lose It.** You must use all of the money in your account by the end of the year, so plan wisely!
- **How Much You Can Put Aside.** You may put aside the following amount each year:
 - Medical Expense \$480 to \$5,000
 - Dependent Care \$480 to \$5,000
(see the *FRA Election Form* for special rules)
- **No Transfer.** You may not transfer money between the two accounts.



- **Getting Reimbursed.** Reimbursement checks are issued within 10 days from the time a reimbursement request is received.

- **File For Reimbursement By March 31.** If you are in an FRA for 2001, you have until March 31, 2002 to file for reimbursement. Send Reimbursement Request Forms to:

Contract Administrator
Fringe Benefits Management Company
P.O. Box 1800
Tallahassee, FL 32302-1800
Fax to: (850) 425-4608

Who To Contact For FRA Assistance

Fringe Benefits Management Company

Interactive Benefits Information Line:

- **1-800-865-FBMC (3262)**

Customer Service (*Monday – Friday, 7 a.m. to 10 p.m. EST*)

- **1-800-342-8017**
- **1-800-955-8771 (TDD)**

Fax-In Reimbursement Requests

- **1-850-425-4608**

Online Information

- **www.fbmc-benefits.com**

Email Address

- **webcustomerservice@fbmc-benefits.com**

Request A New Flexible Benefits Plan Sourcebook

Contact your agency Benefits Administrator or access online from the DHRM Web site at **www.dhrm.state.va.us/hbenefit.htm**.

The new Sourcebook features details about the FRA accounts, comprehensive lists of what is and is not eligible for reimbursement, helpful worksheets, and more.

FRA Worksheets

Deciding How Much To Deposit

To figure out how much to deposit in your FRA, refer to the following worksheets. Calculate the amount you expect to pay during the plan year for eligible, uninsured out-of-pocket healthcare and/or dependent care expenses. **Be conservative in your estimates, since any money remaining in your accounts cannot be returned to you or carried forward to the next plan year.**

TAX-FREE MEDICAL EXPENSE WORKSHEET

Estimate your eligible, uninsured out-of-pocket medical expenses for the plan year, which is January 1 through December 31.

YOUR ELIGIBLE UNINSURED MEDICAL, DENTAL AND VISION EXPENSES

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

SUBTOTAL = \$ _____

Estimated uninsured expenses during the plan year.

ANNUAL CONTRIBUTION \$ _____

This is the amount you will enter during your phone or Web enrollment, or when completing your paper election form. Amount cannot exceed \$5,000.

DIVIDE ÷ _____

by the number of paychecks you receive during the plan year*.

This is your pay period contribution = \$ _____

* If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year, based on your effective date.

TAX-FREE DEPENDENT CARE WORKSHEET

Estimate your eligible dependent care expenses for the plan year, which is January 1 through December 31.

NUMBER OF WEEKS _____

you will have eligible dependent care expenses from January 1 through December 31. *Remember to subtract holidays, vacations, and other times you may not be paying for eligible child, adult or elder care.*

MULTIPLY x _____

by the amount of money you expect to spend each week. \$ _____

SUBTOTAL = \$ _____

Remember, your total contribution cannot exceed IRS limits for the plan year and the calendar year.

ANNUAL CONTRIBUTION = \$ _____

This is the amount you will enter during your phone or Web enrollment, or when completing your paper election form.

DIVIDE ÷ \$ _____

by the number of paychecks you will receive during the plan year*.

This is your pay period contribution = \$ _____

* If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year, based on your effective date.

Be sure the expenses for which you are setting money aside are covered under the FRA! See the new *Flexible Benefits Plan Sourcebook* for a list of covered expenses.

Your Tax Options For Paying Premiums

The time period for making a decision about pre-tax or after-tax payment of your health benefits premiums has moved to *the spring of each year during Open Enrollment*.

In the past, you were given the opportunity each November to elect Premium Conversion (pre-tax payment) at the same time you enrolled in Flexible Reimbursement Accounts (FRAs). While FRAs continue to take effect on January 1, your pre-tax or after-tax election now is effective on July 1 of each year. To discover how paying your premiums before taxes can put money in your pocket, see the chart on page 3 of the new Flexible Benefits Member Handbook. It's available on the DHRM Web site or from your Benefits Administrator.

Remember:

- **Your election is binding.** Once you elect to pay your premiums on a pre-tax or after-tax basis, the option you

select remains in effect from July 1 through June 30 of the following year. It is binding until you change it during a subsequent Open Enrollment.

- **The rules are the same regardless of whether you elect to pay premiums before or after taxes.** You may not reduce



your membership or waive coverage in the State Health Benefits Program until the next Open Enrollment unless you experience a qualifying mid-year event (previously referred to as a life event). Remember, all changes based on a qualifying mid-year event must be consistent with the event involved.

For a list of qualifying mid-year events, visit the DHRM Web site at <http://www.dhrm.state.va.us/hbenefit.htm>, or ask your Benefits Administrator for a copy of the Health Benefits Eligibility Rules Sheet.

Maximize Your Health Benefits!

Here are some tips on how to get the most from your health benefits:

- **Submit notice within 31 days of a qualifying mid-year event.** When you experience an event during the year which allows a change in membership or plan, following the 31-day rule ensures that the change occurs. Employees currently may give notice by submitting a completed Enrollment/ Waiver form. Remember that most changes are effective the first of the month after notice is received.
- **Select a primary care physician (PCP).** This is important to receive maximum benefits and to pay fewer out-of-pocket expenses. Without a PCP, members of Cost Alliance or regional HMO plans have no medical benefits except for a life-threatening emergency or urgent care.



- **Add eligible family members to your coverage.** Sometimes, employees may forget to add a newborn baby within 31 days and to select a PCP for the child. *The result:* no coverage or reduced coverage for the baby!

- **Remove ineligible family members from your coverage.** The penalty for carrying ineligible members is removal from the Health Benefits Program for up to three years. *Never eligible:* divorced spouses, children who are self-supporting or married, or children who have reached the age limit of 23 by the end of a calendar year (unless certified as disabled).

Brush Up On Your Orthodontic Coverage

For members enrolled in Key Advantage With Expanded Benefits or Cost Alliance With Dental, here are answers to commonly asked questions about your orthodontic benefits.

Q. Can adults receive orthodontic coverage?

A. Yes. There is no age limit for receiving coverage for orthodontic services.

Q. Is there a separate maximum amount that will be paid for covered orthodontic services?

A. Yes. The **lifetime** maximum amount that will be paid for covered orthodontic services is \$1,200 per eligible family member. Here's how this benefit works. You pay 50% of the allowable charge for covered services, and the plan pays the other 50%. Once your plan has paid \$1,200 in covered expenses, you are responsible for paying any other expenses over this maximum amount.



Q. Is there a waiting period for orthodontic services under these two plans?

A. Yes. There is a 12-month waiting period for orthodontic services that begins on the effective date of your enrollment in the plan. If you switch from Key Advantage With Expanded Benefits to Cost Alliance With Dental (or vice versa), you will receive a waiting period credit for the amount of time you were enrolled in the first plan as long as there was no lapse in coverage. You also may receive credit for previous orthodontic coverage that ended the day before your current coverage began. See your Key Advantage or Cost Alliance Member Handbook for additional information.

Q. What is the best way to file claims for orthodontic services, and do I need a special form?

A. Orthodontic claims are handled differently from other dental or medical claims. When you or a covered family member first seeks care, your orthodontist will develop a *treatment plan* that outlines the services needed. You or your orthodontist needs to send this treatment plan to:

Trigon Blue Cross Blue Shield
Member Services
P. O. Box 27401
Richmond, VA 23279

Trigon will determine the allowable charge for each covered service on the treatment plan and pay 50% of the allowable charge up to the \$1,200 lifetime maximum. You are responsible for the other 50% of the allowable charge. Your orthodontist

is paid directly by Trigon on a regularly scheduled basis for covered services. Work directly with your orthodontist to arrange a schedule for paying your share of the cost.

When filing a claim, use the standard *Trigon Customer Claim Form* (#110602), and attach a copy of your treatment plan and/or itemized bill for orthodontic services. Send the claim form and attachments to the address above.

To request a claim form, call Member Services at **(804) 355-8506** in Richmond, or **1-800-552-2682** outside Richmond. You may also print the claim form from the Web site at <http://state.trigon.com>.

Commonwealth of Virginia
Department of Human Resource Management
C/O Trigon Blue Cross Blue Shield
P. O. Box 27401, Mail Drop 03P
Richmond, VA 23279

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Your Flexible Benefits Enrollment Issue Of Spotlight With Important Benefits Information Inside

Read Immediately

Find It On Our Web Site!

Link up with the health benefits information you need on the Web at www.dhrm.state.va.us/hbenefit.htm.

- *Link to EmployeeDirect and...*
 - Review your Benefits Profile
 - Update your address or other personal information
 - Make Open Enrollment changes
- *Visit the Flexible Benefits link for...*
 - Flexible Benefits Member Handbooks and Sourcebooks
 - FRA Election Forms
 - FRA Reimbursement Forms
 - Information and assistance
- *Look up Frequently Asked Questions on...*
 - Key Advantage and Cost Alliance
 - Eligibility Rules
- *Link to the Active Employee page...*
 - Find Statewide Plan and Regional Plan information and forms
 - Download Member Handbooks, Enrollment/Waiver Forms, and Monthly Premiums